

NASS

Monthly Ag. Newsletter

NASS-NF5

"The Factfinders for U.S. Agriculture"

DECEMBER 1997

The NASS monthly newsletter is published by the U. S. Department of Agriculture, National Agricultural Statistics Service (NASS), 1400 Independence Avenue, S.W., Washington, D.C. 20250.

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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

♦**Cotton.** The December 1997 all cotton production forecast is 18.8 million bales, down slightly from the previous month and down 1 percent from 1996. This is the fourth largest crop behind 1994, 1996, and 1937. The yield is expected to average 672 pounds per acre, down 35 pounds from last year. Texas is the leading cotton producing State with a December production forecast of 5.4 million bales. California is the second largest producing State with 2.6 million bales forecast for 1997. Georgia's production is forecast at 2.0 million bales. Most of the cotton produced in the U.S. is upland cotton, accounting for 18.3 million bales of the total production. American Pima accounts for the remaining production and is produced mainly in California.

♦**Oranges.** The 1997-98 orange production is now forecasted at a record large 14.3 million tons. This is up 12 percent from last year which was the previous record. Florida is the leading orange producing State, accounting for 80 percent of the total production, followed by California, Texas, and Arizona. Early-mid season and Navel varieties account for 58 percent of the total orange production.

♦**Sugar.** U.S. sugar production in fiscal 1997/98 is projected, as of December 1997, at 7.9 million short tons (raw value), up 9 percent from last year and up 2 percent from last month. The increase from the previous month is due to higher sugar cane production in Louisiana. Ending stocks are now projected at 1.5 million tons leaving the stocks to use ratio at 15.0 percent.

♦**Agriculture Chemical Usage.** The survey results of restricted pesticide usage on corn, upland cotton, fall potatoes, soybeans, flue-cured tobacco, and winter, durum, and other spring wheat reveal that the herbicide atrazine was the most widely used restricted use pesticide on any crop, with 71 percent of the corn acres treated. Other restricted use herbicides applied on more than 15 percent of the planted acres were acetochlor on corn, imazaquin on soybeans, and cyanazine on cotton. Aldicarb was the most frequently used insecticide on cotton with 21 percent of the acres treated. The insecticide carbofuran was applied to 31 percent of the fall potato acreage.

♦**Crop Price Projections.** December projections for 1997 marketing year average prices are: **wheat** unchanged at \$3.40 to \$3.70 per bushel compared with \$4.30 for the 1996 crop; **corn** down 5 cents, as export prospects slip, to \$2.40 to \$2.80 compared with \$2.71 for 1996; **rice** unchanged at \$9.25 to \$10.25 per cwt. compared with \$9.90 for 1996; and **soybeans** up 3% from last month at \$6.20 to \$7.00 per bushel compared with \$7.35 last year.

♦**Cattle.** December 1 **cattle on feed** in U.S. feedlots with capacity of 1,000 or more head totaled 11.44 million head, up 8% from a year earlier. This is the smallest year-to-year increase since May. Placements were down 6% from the previous year and marketings of fed cattle were 1% lower. On-feed inventories should continue to decline and may fall below year-earlier levels by early 1998. Weekly cattle slaughter for November and early December was at or below year-ago levels. At mid-December, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) were \$65-66 per cwt., down about \$2.00 from mid-November. Large feedlot inventories will continue to pressure prices in the near-term. However, fed cattle prices should improve as feedlot supplies are reduced, and could average in the low \$70's per cwt over the first half of 1998. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were near \$80-84 per cwt. at mid-December, up \$4-6 from mid-November.

♦**Hogs.** Hog slaughter over the September-November period has run 2-3% above the previous year and on a weekly basis, December slaughter numbers have been 5-7 % higher. Slaughter weights have also been up 1-2 pounds from a year ago, further increasing the supply of pork. Prices at mid-December (Iowa-Southern Minnesota direct, 230-250 pounds) averaged \$38-40 per cwt., down \$7-8 from prices at mid-November. U.S. average barrow and gilt prices have not been below \$40 per cwt. since May 1995. Increasing supplies and heavy competition from beef and poultry may hold down prices for most of 1998, especially with further expansion as indicated by intentions.

◆**Other Livestock.** November **milk production** was up 1.3% from the previous year. This was the smallest year-to-year production increase since March. Once again, lower cow numbers were more than offset by increases in production per cow. The November **Basic Formula Price (BFP)** was \$12.96 per cwt, up 13 cents from October. **Cheddar cheese prices** (40-pound blocks, wholesale) moved up 2.6 cents the first week of December but decreased slightly the second week. This suggests that the December BFP will likely increase some unless cheese prices break the second half of December. During October, total **cheese** production was up 1% from the previous year, **butter** production was down 13%, and **nonfat dry milk production** was up 11%. **Sheep and lambs** estimates for November 1 remain: breeding sheep down 8% and market lambs down 4%. The number of **layers** in U.S. flocks on hand Dec. 1 was 3% above a year earlier with table egg layers up 2%, broiler-type hatching up 6%, and egg-type hatching down 1%. U.S. **egg production** for the fourth quarter of 1997 is expected to be up about 1%. Market **egg prices** for December 1997 are expected to average 5 cents per dozen below a year ago. For the week ending December 13, cumulative **broiler placements** for 1997 in the 15 selected states were 3% above a year earlier and **broiler production** is expected to be up about 3% for the year. **Broiler prices** (12 City) for the 3rd quarter averaged 62 cents per pound and are expected to average 54-55 cents in the 4th quarter. **Turkey** production in 1997 is still expected to be near last year's level and prices (8-16 lb hens, Eastern Region) average near the 3rd quarter average of 68 cents per pound, not reflecting any seasonal strengthening. **Supplies in refrigerated warehouses** the end of November compared with a year earlier were: chicken up 7%, turkeys up 24%, pork up 5%, beef up 31%, cheese down 6%, and frozen orange juice up 75%.

◆**Trade.** The projected value of **U.S. Ag. Exports** for fiscal 1998 remains \$58.5 billion, up \$4% from the 1997 forecast but 3% below 1996. The downturn in the Asian economy during 1997 has reduced U.S. exports to that region. U.S. 1997 agricultural **exports to Asia**, the largest U.S. regional market, are expected to fall from \$28.6 billion to \$24.2 billion, down 15%. December projections for the volumes of **exports** for the 1997 marketing years are: **wheat** up 7%, **corn** up 4%, **soybeans** up 11%, **rice** up 9%, and **cotton** up 3%. December projections for the volumes of meat exports in calendar 1997 are: **beef** up 11%, **pork** up 9%, **broilers** up 6%, **turkeys** up 37%, and total **red meat and poultry** up 11%. December projections for the volumes of meat exports in calendar 1998 are: **beef** down 3%, **pork** up 6%, **broilers** up 4%, and **turkeys** up 9%. The U.S. **trade deficit** declined 14 percent in October to \$9.7 billion. The U.S. **farm trade surplus** jumped to \$2.5 billion compared with \$1.5 billion in September.

◆**Prices.** The rate of **inflation**, as monitored by the **CPI** for all urban consumers, decreased 0.1% in November but rose 1.8% over the last 12 months. The **PPI** fell 0.2% in November; this followed a rise of 0.1% in October. For the 12-month period ending in November, the PPI decreased 0.6%. The November **prime rate**, at 8.5%, was unchanged since April and compares with 8.25% a year earlier. Compared to a year earlier, **feed** prices in November were down 8%, **feeder livestock and poultry** prices up 13%, **fertilizer** down 3%, **ag chemicals** were up 2%, **farm machinery** up 2%, **seeds** up 3%, and **fuels** down 9%. The U.S. average **hourly wage rate** paid by farmers to field and livestock workers was \$6.91 in 1997, up 5% from 1996.

◆**World Weather** (December 7-13). Bitter cold gripped the winter grain areas of Russia and Northern Ukraine. Widespread showers and mild weather favored winter grains in Europe. In Australia, widespread, timely rains covered primary summer crop areas. Unfavorably warm, dry weather covered the corn belt in South Africa. In South America, showers boosted topsoil moisture for germinating summer crops across the region, but heavy rain in Argentina caused flooding. Storms moved across the Southern **United States** bringing rain, snow, and below normal temperatures that slowed growth and development of winter wheat, which limited grazing. Snow fell across the Corn Belt, halting fieldwork but bringing needed soil moisture. The High Plains remained mostly dry.

◆**Other News.** The **cattle cycle** is unlikely to turn upward until after the turn of the century. For the second year in a row, poor pasture and range conditions, record hay prices, and disappointing cattle and calve prices have led producers to retain fewer heifers than planned early in the year. Cow and heifer slaughter during 1997 has been the highest since the mid-1970's. Farm to **retail price spreads** have reached a record level for pork. Generally, retail costs have matched the rate of inflation over the last 3 decades while farm livestock, poultry, and crop prices have not. Farm prices have been held down by the increase in farm productivity, which has been relatively greater than nonfarm productivity. Hong Kong, a major importer of poultry, is experiencing a "**bird flu**" that has caused residents to eat less chicken.
